

Message Text

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ACTION EB-08

INFO OCT-01 IO-14 AGR-01 L-03 FRB-01 OMB-01 ITC-01
SP-02 ICA-20 AID-05 CIAE-00 COME-00 INR-10 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
AF-10 ARA-14 EA-12 EUR-12 NEA-11 ISO-00 PA-02
/158 W

-----129458 011243Z /40

R 302020Z JUN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 7751
INFO AMEMBASSY SANTO DOMINGO
AMEMBASSY BANGKOK
AMCONSUL BELIZE
AMEMBASSY CANBERRA
AMCONSUL CALI
AMEMBASSY COPENHAGEN
AMCONSUL CAPE TOWN
AMCONSUL DURBAN
USMISSION GENEVA
AMCONSUL GUAYAQUIL
AMEMBASSY KHARTOUM
AMEMBASSY LILONGWE
AMEMBASSY MAPUTO
AMEMBASSY MANILA
AMEMBASSY MBABANE
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY PORT LOUIS
AMEMBASSY PRETORIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY SEOUL
AMEMBASSY STOCKHOLM
AMEMBASSY SUVA
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AMEMBASSY TAIPEI
AMEMBASSY ANTANANARIVO
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY PORT AU PRINCE
AMEMBASSY WELLINGTON
AMEMBASSY ASUNCION

AMEMBASSY GUATEMALA
AMEMBASSY TEGUCIGALPA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY MEXICO
AMEMBASSY CARACAS
AMEMBASSY LIMA
AMEMBASSY BUENOS AIRES
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN

UNCLAS SECTION 01 OF 02 LONDON 10461

E.O. 11652: N/A

TAGS: ETRD, EAGR, EPAP, ISO

SUBJECT: SUGAR -- MEETING OF THE COUNCIL OF THE INTER-
NATIONAL SUGAR ORGANIZATION

REF: LONDON 09624

1. INTERNATIONAL SUGAR COUNCIL JUNE 30 ADOPTED EXECUTIVE
COMMITTEE RECOMMENDATION THAT IMPLEMENTATION OF AGREE-
MENT'S STOCK FINANCING FUND BE DELAYED UNTIL OCTOBER 1,
1978. CONSIDERATION OF DELAY WAS ROUTINE EXCEPT FOR
INDIA INTERVENTION. INDIA SAID POSTPONEMENT OF STOCK
FINANCING FUND IMPLEMENTATION RAISED DIFFICULT PROBLEMS
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FOR SOME EXPORTERS. INDIA NOTED THAT SOME EXPORTERS
ARE ALREADY HOLDING SUBSTANTIAL STOCKS AND NEED LOANS TO
COVER PART OF CARRYING COSTS. THE INDIAN DEL ADDED IT
WAS DIFFICULT FOR HIS COUNTRY TO ACCEPT POSTPONEMENT. HE
URGED COUNCIL TO AUTHORIZE SPECIAL BORROWING SO THAT LOANS
MIGHT BE MADE TO COVER STOCKS CARRIED IN THE THIRD QUARTER
OF L978.

2. CUBAN DEL (TABIO) ARGUED AT LENGTH IN SUPPORT OF
PRINCIPLE OF INDIAN CONTENTION, BUT HE RECOGNIZED THAT
PRACTICAL CONSIDERATION MADE LARGE BORROWING DIFFICULT AT
THIS POINT. NEWLY APPOINTED STOCK FUND MANAGER BREUIL
CONCLUDED CONSIDERATION OF POINT BY NOTING THAT WITHOUT
ASSURANCE OF PARTICIPATION BY "A MAJOR IMPORTER", IT
WOULD BE DIFFICULT TO OBTAIN COMMERCIAL LOAN OF NECESSARY
MAGNITUDE (I.E. WITHOUT COLLATERAL). COUNCIL THEN AGREED
TO DIRECT SECRETARIAT TO INVESTIGATE THE POSSIBILITY OF
EXOEDITING PAYMENTS FOR THE THIRD QUARTER AND TO REPORT
TO THE NEXT SESSION OF COUNCIL IN NOVEMBER.

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3. U.S. DEL MADE GENERAL STATEMENT ON SITUATION SURROUNDING RATIFICATION IN U.S. HE NOTED GENERAL CONGRESSIONAL SUPPORT FOR THE ISA AND FACT THAT ADMINISTRATION UNWILLING TO ACCEPT DOMESTIC PRICE SUPPORT LEGISLATION THAT WOULD NOT BE COMPATIBLE WITH ISA. HE ALSO NOTED THAT US WAS CONCERNED THAT IMPORTS FROM ISA NON-MEMBERS NOT ENTER US IN QUANTITIES THAT WOULD SIGNIFICANTLY EXCEED OUR ISA NON-MEMBER ASSIGNMENT. THIS HAD BEEN FACTOR IN RECENT USG DECISION TO INSTITUTE COUNTERVAILING DUTY INVESTIGATION WITH REGARD TO SHIPMENTS OF SUBSIDIZED SUGAR TO U.S. HE CONCLUDED BY EXPRESSING CONFIDENCE THAT US WOULD BE UNCLASSIFIED

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ABLE TO RATIFY ISA AND WOULD HAVE NECESSARY IMPLEMENTING LEGISLATION IN PLACE BY OCT 1.

4. EC DELEGATE THEN INTERVENED TO DESCRIBE US COUNTERVAILING DUTY INVESTIGATION RE EC SUGAR AS A "RED HERRING". EC EXPORT PROGRAM, HE SAID, WAS ONLY ONE ASPECT OF WORLD WIDE SURPLUS PROBLEM THAT WAS SHARED BY ALL EXPORTERS. EC DEL (EATON) DID HOWEVER ADMIT EC BEHAVIOR WAS PART OF THE SURPLUS PROBLEM. PHILIPPINES AND BARBADOS FOLLOWED WITH STATEMENTS URGING EXPEDITIOUS NEGOTIATIONS BETWEEN EC AND ISA, AND CONDEMNED EC DELAYS IN BEGINNING NEGOTIATIONS. EXECUTIVE DIRECTOR JONES-PARRY NOTED THAT NEGOTIATIONS WITH EC NOW DUE TO BEGIN IN OCTOBER.

5. COUNCIL THEN ADOPTED DRAFT DECISION ON POSTPONEMENT

OF STOCK FINANCING FUND PROVISIONS. ADDITIONS WERE ADDED
(1) TO MENTION RELEVANT RULES WHICH WOULD BE SUSPENDED
AND (2) TO INVITE SECRETARIAT STUDY OF EXPEDITING THIRD
QUARTER PAYMENTS WITH REPORT TO BE MADE AT NEXT COUNCIL
SESSION. OTHERWISE TEXT OF DECISION UNCHANGED FROM
EXECUTIVE COMMITTEE DRAFT.

BREWSTER

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
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Disposition Reason:
Disposition Remarks:
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ISecure: 1
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Litigation History:
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Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
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Review Withdrawn Fields: n/a
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TAGS: ETRD, EAGR, EPAP, UK, ISO
To: STATE
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